headed by Shri R. N. Malhotra, former Governor of Reserve Bank of India, was set up by the Government of India in April 1993 to suggest reforms in the Insurance Sector aimed at introducing a more competitive environment subject to suitable regulation and supervision. The Committee will consider, among other things, the issues raised in the Question. The recommendations of the Committee which are expected shortly, will be considered by the Government of India thereafter.

Favours shown by Central Bank of India to certain Industries

1420. SHRI SURESH PACHOURI : Will the Minister of FINANCE be pleased to state :

(a) whether RBI has censured Central Bank of India and its Chairman-cum-Managing Director for showing favours to certain industries during 1991-92 ;

(b) if so, what are the details of favours shown and whether any concrete steps have been taken to punish those held responsible ; and

(c) what are the directions issued by RBI to the banks to avoid such frauds and favours in future ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) Reserve Bank of India has reported that it has not censured the Central Bank of India or its Chairman for any alleged undue favours shown to certain industrialists during 1991-92.

(b) and (c) Do not arise.

Financial Restructuring

1421. SHRI SURESH PACHOURI : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that he has stated recently that there is an urgent need for drastic financial restructuring including tax system ;

(b) if so, whether any concrete proposals in this regard have been worked out by Government;

(c) if so, the details thereof; and

(d) by when a decision is likely to be taken in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) The Government is determined to carry on the process of financial, fiscal and other economic reforms to help full flowering of initiative and enterprise raising productivity of capital land and labour continuously and improving the living standards of the population.

(b) to (d) A good number of refrom measures seeking restructuring of financial sector has already been initiated. Directions for further reforms in the financial sector over the next 3 years have been outlined in the Discussion paper on Economic Reforms brought out by the Ministry of Finance. They include, inter alia, (a) institutions of speedy and effective loan recovery process (b) a phased reduction in Statutory Liquidity Ratio to 25 per cent and in the Cash Reserve Ratio to 10 per cent, (c) phasing out of ceilings and floors on bank deposit and lending rates and (d) strengthening institutions and procedures for bank supervision.

Financial Controls on Nationalised Banks

1422. SHRI SURESH PACHOURI : Will the Minister of FINANCE be pleased to state :

(a) whether Government are contemplating to ease financial controls on nationalised Banks;

(b) if so, whether Government propose to introduce a legislation in this regard for providing more financial autonomy to the Banks and for slashing Government's own share from 100 percent to 51 percent ; and